WEEKLY ECONOMIC REVIEW

Aug 17, 2007

Manufacturing shipments in Alberta decreased by 1.9% in June after a significant increase in May (+3.3%). The monthly decline was primarily attributed to drops in petroleum and coal, machinery, and computer and electronics. Despite these decreases in June, Alberta's shipments still rose by 3.8% in the first half of the year, mainly due to increases in petroleum and coal and chemical products. National shipments fell by 1.8% in June, a third consecutive decline and was primarily because of a 13.3% drop in the automotive industry.

New motor vehicle sales in Alberta rose by 3.4% in June, following declines in May and April. Although the Canadian new vehicle sales dipped 1.2% in June, the level remained 6.7% above the June 2006 figure.

The CPI inflation in the U.S. continued a trend of gradual moderation, with the consumer price index rising by 0.1% in July from June. The year-to-date inflation rate remained virtually unchanged at 2.4% in July.

U.S. housing starts plunged 6.1% in July from June, to an annualized rate of 1,381,000 units, the lowest pace since January 1997. In the same month, building permits fell 2.8% to their lowest level in more than ten years.

Cdn Dollar (US¢/C$)

August 17, 2007	94.0
August 10, 2007	94.9
2007-08 YTD	92.5

WTI Oil US$/bbl

August 16, 2007	$ 71.00
August 9, 2007	$ 71.59
2007-08 YTD	$ 68.03

Nymex Natural Gas CS/MMBtu *

September Contract

August 17, 2007	$ 7.55
August 10, 2007	$ 7.09

*Estimate based on Nymex Futures Market Price

The U.S. Federal Reserve cut its discount rate on loans to banks by 0.5% today, a surprise move designed to stabilize financial markets. The Fed acknowledged "that the downside risks to growth increased appreciably". This signals that the Fed may cut its benchmark federal funds rate earlier than planned. Stock markets in North America and Europe rebounded in early trading today after weeks of losses.

The Canadian dollar rebounded by one cent to 94 US¢ this morning following the Fed's move to cut its discount rate. The Canadian dollar weakened earlier in the week and dipped below 93 cents on Thursday on concern about credit shortages in Canada.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Consumer Price Index (2002=100)	**July**			
United States (1982-1984=100)	208.0	0.1%	2.4%	2.5%
Manufacturing Shipments ($ Millions)	**June**			
Alberta	5,572	-1.9%	4.3%	3.8%
Canada	48,647	-1.8%	-1.4%	0.1%
Wholesale Trade ($ Millions)				
Alberta	5,372	5.4%	4.0%	4.9%
Canada	43,222	0.2%	5.6%	5.3%
New Motor Vehicle Sales				
Alberta	22,154	3.4%	11.1%	7.4%
Canada	143,900	-1.2%	6.7%	3.8%

Source: Statistics Canada

[1]*Year-to-date 2007 compared to the same period in 2006*